

# Teacher Lesson Plan

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Theme 5: Impact of Taxes  
Lesson 2: The Politics of Taxation

## Time Frame

One to three class periods

## Curriculum Area(s)

- History/Social Studies
- Civics/Government
- Economics
- Technology

## Purpose

To help students understand that taxation involves a compromise of conflicting goals and that lobbyists can influence lawmakers' decisions about taxes

## Objectives

Students will be able to

- explain why people of similar incomes often pay different tax rates.
- describe the role of lobbyists in the development of tax laws.

## Materials

### *Online*

[Student Lesson—The Politics of Taxation](#)

[Activity 1: Tax Issues](#)

[Activity 2: Lobbyist for a Day](#)

[Activity 3: Tax Your Memory](#)

[Assessment—The Politics of Taxation](#)

[Assessment Solutions—The Politics of Taxation](#)

### *Print (PDF)*

[Info Sheet—How to Lobby for a Cause](#)

[Worksheet—Fairness and Compromise](#)

[Worksheet Solutions—Fairness and Compromise](#)

[Assessment—The Politics of Taxation](#)

[Assessment Solutions—The Politics of Taxation](#)

[Complete Lesson Pack](#)

## Background

The idea that people of equal incomes should pay the same amount in taxes is known as **horizontal equity**. In reality, this doesn't always happen because taxpayers can claim different **tax deductions**, **tax exemptions**, and **tax credits**. Legislatures hope that by giving tax breaks to certain groups such as small businesses, homeowners, and charities, they make taxation fairer.

When too many taxpayers benefit from tax breaks, tax revenues for the government may decline. Then lawmakers must decide on a new course of action. They may raise taxes or cut back on government services.

**Lobbyists** are spokespeople for organizations, such as corporations, industries, unions, or local communities. They work to influence lawmakers' decisions about issues, including taxes. Lobbyists are knowledgeable about the special interests or concerns of the groups they represent. They let lawmakers know how certain laws affect people or businesses, and they suggest how those laws might be changed.

Because lobbyists approach an issue from the point of view of the groups they represent, they do not always agree on the issues or their solutions. That is why compromise is essential in lobbying. Lobbyists, lawmakers, and the public must work together to reach decisions that are fair to as many people as possible.

## Key Terms

**horizontal equity**—The concept that people in the same income group should be taxed at the same rate. “Equals should be taxed equally.”

**lobbyist**—A person who represents the concerns or special interests of a particular group or organization in meetings with lawmakers. Lobbyists work to persuade lawmakers to change laws in the group's favor.

**tax credit**—A dollar-for-dollar reduction in the tax. Can be deducted directly from taxes owed.

**tax deduction**—An amount (often a personal or business expense) that reduces income subject to tax.

**tax exemption**—A part of a person's income on which no tax is imposed.

## Opening the Lesson

Discuss the difficulties in achieving fairness in taxation. Present the information from the background section above. Explain that people with the same income do not always pay the same amount in taxes.

## Developing the Lesson

Ask students whether they think it is fair that people with the same incomes may pay different taxes. Discuss how people might try to influence lawmakers' decisions about tax issues. Explain that although lawmakers strive to achieve fairness to all taxpayers, sometimes they need help understanding what is at stake for businesses, organizations, or communities.

Explain that lobbyists represent groups and work to influence lawmakers' decisions.

Ask students:

- What organizations, industries, or groups use lobbyists to influence lawmakers?

**Students may suggest that the tobacco and computer software industries have used lobbyists to persuade lawmakers.**

Explain that any organization, large or small, may use a lobbyist to communicate with a lawmaker.

### *Online Activities*

Direct students to Student Lesson—The Politics of Taxation.

Have students complete one or more of the following activities:

Activity 1: Tax Issues—Match tax issues to groups likely to support them.

Activity 2: Lobbyist for a Day—Put yourself in the role of a lobbyist.

Activity 3: Tax Your Memory—Test your tax IQ!

### *Print Activity*

Print Worksheet—Fairness and Compromise, and distribute to students.

Worksheet Solutions—Fairness and Compromise

### *Classroom Activity*

Have students work in teams to identify an issue or a law that they would like addressed or changed. Have them plan lobbying campaigns. Students may search the Internet and consult print media for information. They also may consult Info Sheet—How to Lobby for a Cause. Students should prepare outlines of their campaigns and present them to the class.

## Concluding the Lesson

Ask students:

- Why do people with equal incomes not always pay the same in taxes?

**Each taxpayer may claim a different combination of deductions, exemptions, and credits in order to offset tax liability.**

- What role do lobbyists play in making tax laws fair?

**Students should explain that lobbyists present the points of view of particular groups to lawmakers and persuade the lawmakers to change the laws in the group's favor.**

### *Online Assessment*

Direct students to complete [Assessment—The Politics of Taxation](#) for this lesson.

[Assessment Solutions—The Politics of Taxation](#)

### *Print Assessment*

Print [Assessment—The Politics of Taxation](#) and have students complete it on paper.

[Assessment Solutions—The Politics of Taxation](#)

### *Links*

To learn more about horizontal equity and different tax deductions, credits, and exemptions, go to [Theme 4, Lesson 3](#).